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BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 90-31-C - ORDER NO. 90-978  
OCTOBER 4, 1990

IN RE:	Request of Palmetto Rural Telephone ) Cooperative, Inc. for Approval of ) Certain Adjustments to its Earnings. )	ORDER APPROVING ADJUSTMENTS
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On May 21, 1990, Palmetto Rural Telephone Cooperative, Inc. (the Petitioner) filed with the Public Service Commission of South Carolina (the Commission) a request for approval of certain adjustments related to the Cooperative's earnings. The proposed adjustments include the elimination of charges for touch-tone calling for all its subscribers and the represetion of depreciation rates. The Petition was filed pursuant to R.103-830 et seq. of the Commission's Rules of Practice and Procedure and S.C. Code Ann. §58-9-10 et seq. (1976), as amended, and in response to directives of the Commission.

By letter dated May 24, 1990, the Commission's Executive Director instructed the Petitioner to publish a prepared Notice in newspapers of general circulation in the affected areas, once a week for two consecutive weeks. The purpose of the Notice was to inform interested parties of the nature of the Petition and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Thereafter, the Petitioner

provided the Commission with proof of publication of the Notice. No Petition to Intervene or Protest was filed with the Commission.

Having received no opposition and after a review of the Petitioner's filing, the Commission has determined that a public hearing in the matter is not necessary. Based upon the information filed by both the Commission Staff and Palmetto Rural, the Commission makes the following findings and conclusions:

1. That Palmetto Rural Telephone Cooperative, Inc. is a South Carolina corporation owning and operating equipment and facilities for the transmission of intelligence for hire in this State and is a "telephone utility" within the meaning of S.C. Code Ann. §58-9-10(6) (1976) whose intrastate operations are subject to the jurisdiction of this Commission.

2. That the Petitioner's present authorized rate of return on rate base of 9.50% to 10.50% was approved by the Commission in Order No. 87-1370, issued December 10, 1987, in Docket No. 87-105-C.

3. That the Commission Staff's audit report shows that the Petitioner's rate of return on rate base after Staff's accounting and pro forma adjustments is 16.94% based on the twelve months ending December 31, 1988.

4. That in response to Staff's audit report, the Petitioner, in a letter dated May 10, 1990, stated that it would seek to eliminate its charges for touch tone calling and to represcribe its depreciation rates.

5. That the Petitioner is not seeking an increase in its

authorized rate of return on rate base and that no increase in its rates and charges for basic local telephone service are being sought by the Petitioner.

6. That the Petitioner alleges and the Commission finds that the elimination of the touch tone calling charge of \$1.50 per month per 4,886 residential subscribers will reduce revenues by \$7,029 per month and the elimination of the touchtone calling charge of \$2.00 per month per 905 business subscribers will reduce revenues by \$1,810 per month, for a total monthly reduction of \$8,839 per month and an annual reduction of \$106,068.

7. The Commission finds that the elimination of touch tone calling charges should be approved.

8. That the Commission finds that proposed depreciation rates were outlined in a summary attachment to the Petitioner's request. The overall effect of the Petitioner's proposal is to increase depreciation expense in the amount of \$435,025. The Commission Staff, upon review, subsequently proposed a depreciation rate of 8.5% rather than the Petitioner's 11.375% for Digital Switching Equipment. The Petitioner acquiesced in the Staff's recommendation, which resulted in an increased depreciation expense of \$342,867.

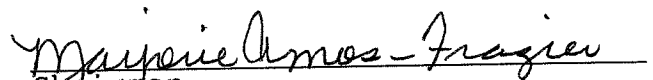
9. Based upon the Petitioner's agreement with the Commission Staff on the Digital Switching depreciation rate and after a review by the Commission of the Petitioner's rescription proposal, the Commission has determined that the requested rates are reasonable and should be approved as filed with the exception of the Digital

Switching depreciation rate which has been modified to 8.5%. The approved depreciation rates and plant accounts are listed on Appendix A attached hereto and incorporated by reference herein.

10. That the Petitioner should, within thirty (30) days from the date of this Order, file the appropriate pleadings addressing any Company earnings in excess of the authorized rate of return on rate base in the range of 9.5% to 10.5%.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

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APPENDIX A

DEPRECIATION RATES

<u>PLANT ACCOUNT</u>	<u>APPROVED RATE</u> <u>(%)</u>
FURNITURE & OFFICE EQPT.	9.00
DIGITAL SWITCHING	8.50
MOBILE RADIO	10.00
SUBSCRIBER CARRIER	11.50
COE TEST EQPT.	11.50
AERIAL CABLE	5.75
UNDERGROUND CABLE	5.00
BURIED CABLE	5.75